

CHAPTER XIV.

THE STATE BANKING SYSTEMS.

The Condition of the Country When They were Adopted—Success of the Suffolk System and of Banking on General Assets—The New York Safety Fund and Security Systems—Unhappy Experience in the West and South with Banks of State—The Effects of the Civil War—Failure of the Security System—General Statistics of the State Banks.

THE systems of banking authorized under the laws of the various States of the United States offer examples of nearly every form of note issues and every degree of success or failure. The economic development of the country between the Revolution and the Civil War was in an experimental stage as well as its political development. The rules of sound banking had not yet been worked out even in the older countries of Europe, as the mistakes and failures of English, French, and Austrian banking abundantly show ; but to ordinary sources of error and risk were added in the United States the elements of experiment and uncertainty in every department of human activity. The Englishman or Frenchman might not be a good banker, but he could at least form an intelligent estimate of the volume of trade with which he had to reckon and the conditions under which it was carried on. His problem was simply to work out, according to sound rules, a mathematical problem for which the necessary elements were known. With the American, on the other hand, every element was an unknown quantity. He had to guess at the first element in his equation, and if he guessed wrongly absolute accuracy in